

SENATE RECORD VOTE ANALYSIS

106th Congress

1st Session

Vote No. 58

March 24, 1999, 3:01 p.m.

Page S-3195 Temp. Record

BUDGET RESOLUTION/Support for Social Security Lockbox Legislation

SUBJECT: Senate Concurrent Budget Resolution for fiscal years 2000-2009 . . . S.Con. Res. 20. Abraham/Grams amendment No. 143.

ACTION: AMENDMENT AGREED TO, 99-0

SYNOPSIS: As reported, S.Con. Res. 20, the Senate Concurrent Budget Resolution for fiscal years 2000-2009: will cut the debt held by the public (money that the Federal Government owes to creditors other than itself) in half over 10 years; will fully fund Medicare (all of the President's proposed \$9 billion in Medicare cuts were rejected; as a result, this budget will allow \$20.4 billion more in Medicare spending over the next 10 years); will save the entire \$1.8 trillion in Social Security surpluses over the next 10 years for Social Security; will provide for \$778 billion in net tax relief over the next 10 years (in contrast, the President's budget would increase the tax burden by \$96 billion net over 10 years), and will adhere to the spending restraints (discretionary spending caps and pay-go provisions) of the bipartisan budget agreement as enacted in the Balanced Budget Act of 1997 and the Taxpayer Reform Act of 1997 (the President's proposed budget, in contrast, would dramatically increase spending in violation of that bipartisan agreement, and would result in \$2.2 trillion more in total Federal debt at the end of 10 years than proposed in this Senate budget).

The Abraham/Grams amendment would put the Senate on record as favoring the adoption of strict budget rules (a "lockbox") that would force it to save the \$1.8 trillion in projected Social Security surpluses for the next 10 years by using those surpluses to pay down the debt held by the public. More specifically, the amendment would express the sense of Congress that Congress will pass legislation: that reaffirms Congress' support for the current law requirement not to include Social Security receipts and disbursements in budget calculations; that mandates that Social Security surpluses will only be used to pay Social Security benefits, make Social Security reforms, or to reduce the debt held by the public (they will not be spent on non-Social Security programs or used to offset tax relief); that will create a new super-majority point of order against any bill, resolution, amendment, motion, or conference report that would use Social Security surpluses on anything other than the payment of Social Security benefits, Social Security reform, or the reduction of the Federal debt held by the public; that will ensure that Social Security benefits will be paid on time; and that will accommodate Social Security reform legislation.

(See other side)

YEAS (99)				NAYS (0)		NOT VOTING (1)	
Republican (54 or 100%)		Democrats (45 or 100%)		Republicans (0 or 0%)	Democrats (0 or 0%)	Republicans (1)	Democrats (0)
Abraham	Helms	Akaka	Kennedy			Lugar ⁴	
Allard	Hutchinson	Baucus	Kerrey				
Ashcroft	Hutchison	Bayh	Kerry				
Bennett	Inhofe	Biden	Kohl				
Bond	Jeffords	Bingaman	Landrieu				
Brownback	Kyl	Boxer	Lautenberg				
Bunning	Lott	Breaux	Leahy				
Burns	Mack	Bryan	Levin				
Campbell	McCain	Byrd	Lieberman				
Chafee	McConnell	Cleland	Lincoln				
Cochran	Murkowski	Conrad	Mikulski				
Collins	Nickles	Daschle	Moynihan				
Coverdell	Roberts	Dodd	Murray				
Craig	Roth	Dorgan	Reed				
Crapo	Santorum	Durbin	Reid				
DeWine	Sessions	Edwards	Robb				
Domenici	Shelby	Feingold	Rockefeller				
Enzi	Smith, Bob	Feinstein	Sarbanes				
Fitzgerald	Smith, Gordon	Graham	Schumer				
Frist	Snowe	Harkin	Torricelli				
Gorton	Specter	Hollings	Wellstone				
Gramm	Stevens	Inouye	Wyden				
Grams	Thomas	Johnson					
Grassley	Thompson						
Gregg	Thurmond						
Hagel	Voinovich						
Hatch	Warner						

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

NOTE: For most of the past 30 years the Federal Government has spent more money than it has collected in all taxes, including payroll taxes. To spend that extra money it has borrowed money by selling Treasury notes. That borrowed money is called debt held by the public. Currently, the Federal Government owes \$3.628 trillion in such debt. Any person, corporation, or government may purchase Treasury notes. Total Federal debt, called the public debt, also includes money that the Federal Government owes to itself. Most of that debt is due to the operation of trust funds. When the Federal Government imposes a tax or fee for a particular purpose, and does not spend all of the money raised in a year on that particular purpose, it buys Treasury notes with the surplus and puts the notes into a "trust fund." The money goes to the Treasury general fund. Thus, trust funds do not hold cash, they hold Treasury notes, which, if and when they are redeemed, must be redeemed by taking money from the general fund. Transfers between the general fund and trust funds are intragovernmental transfers that do not affect the budget. The budget is only affected when funds go into or out of the government; crediting one government fund and debiting another by an equal amount does not have a budget effect by itself. The current public debt is \$5.645 trillion. The public debt is capped by statute, but the debt held by the public is not capped.

Those favoring the amendment contended:

Over the next 10 years, if the Federal Government sticks by the balanced budget agreement of 2 years ago, it will run on-budget (non-Social Security and non-Post Office) surpluses of more than \$100 billion and will pay down the debt held by the public by \$1.8 trillion, which is the amount of surpluses that will be generated by Social Security. On principle, Senators agree that those surpluses should only be used for Social Security reforms or saved for Social Security by paying down the debt held by the public. The problem is putting that principle into practice. When the Federal Government gets money it spends it. Even if it does not have money it borrows it and spends it. The only thing that has worked to slow it down has been the enactment of budget rules to keep its hands out of the till. Currently, there are not any effective budget rules in place to stop the Government from spending the Social Security surpluses, and proposals to spend them are already proliferating. In an effort to stop those proposals, this budget resolution assumes that new budget rules will be created ("a lockbox") to protect the surpluses. The pending amendment would build on that key assumption by making Senators vote on the specific types of features such a lockbox would contain. This amendment is going to put Senators on record as favoring very strict rules to keep them from spending the Social Security surpluses.

The President's Social Security proposal is especially dishonest. It is a complicated shell game that uses non-existent money to create the illusion that Social Security is being strengthened, and once that illusion has been created it proposes spending a large share of the Social Security surplus. In the year 2000, under the President's proposal, \$83 billion of the \$134 billion unified budget surplus would be given to Social Security and the other 32 percent would be spent on non-Social Security purposes. What Senators need to keep in mind, though, is that in the year 2000 every penny of the unified budget surplus is from Social Security, because Social Security will have a \$137 billion surplus. Without that surplus, the unified budget would still be \$3 billion in the hole. Further, when Social Security has a surplus in any year, by law it uses it to buy Treasury notes. Thus, what the President has suggested is that we should take \$83 billion of the surplus money in the general fund, all of which will be there because Social Security used it to buy Treasury notes, and give it back to Social Security, which would then be required to spend it on more Treasury notes, and the same money would end up right back in the general fund. The end effect would be that Social Security would have \$221 billion in Treasury notes and there would be more than \$50 billion in new spending, all based on the receipt of just \$137 billion in payroll taxes. Further, once the money was supposedly back in the general fund, there would be no guarantee that the President would not propose spending it yet again. Using this shell game the President could conceivably build up the trust fund, on paper, to an astronomical level just be continually giving Social Security the same dollar bill, over and over and over again.

We should not go along with this gimmick plan or any similar plan. Social Security cannot be cured by giving it Treasury IOUs based on funny money. That program is in grave long-term danger due to changing demographics. People are living longer, the baby-boom generation is soon going to retire, and fewer children are being born. As a result, the ratio of current workers to current retirees is declining rapidly, and the program, as it is currently structured, will officially fail in the year 2032 without reforms. By 2013, Social Security outlays will begin to exceed payroll tax collections. The amount that it operates in the red each year will grow exponentially from that year forward. By the time it is scheduled to fail its yearly operating deficit will be around \$300 billion. That large a deficiency, which is roughly equal to national defense spending or all other domestic discretionary spending, simply cannot be covered. If we were to raise taxes by that amount, or if we were to borrow the money, we would sink the economy.

Given Social Security's problems, at a minimum, the entire \$1.8 trillion in Social Security surpluses over the next 10 years should be used to pay down the debt held by the public. At the end of 10 years, if reforms still have not been made, the United States will be \$1.8 trillion less in debt than it would otherwise have been, and will therefore be in a much stronger position to borrow money to pay Social Security benefits when the program starts operating in the red. Of course, reforms can and should be made, and the Abraham amendment calls on Senators to lock in the surpluses for reforms as well as debt reduction. Once Senators are on record, they will not find it easy to switch their votes when they are presented with binding legislation to create a lockbox. It will make it much more difficult for them to support gimmick solutions, such as the proposal put forward by the President, that allow them to squander the money. We therefore strongly support this amendment.

No arguments were expressed in opposition to the amendment.